Supreme Court, U.S.
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No. 94-1075

In The
Supreme Court of the United States
October Term, 1994

BRUNSWICK CORPORATION,
Petitioner,

v.

BRITISH SEAGULL LIMITED and OUTBOARD MARINE CORPORATION
Respondents,

Reply Brief In Support Of Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

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REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

The precise issue is whether the Federal Circuit erred in affirming the finding of the Board that Mercury's "all black" trademark is "functional." The Petition should be granted because the decisions of the Federal Circuit and the Board below cannot stand unless color

trademarks are subject to a more loose or expansive standard than other types of federal trademarks. This special and important question of federal law is as fundamental as the issue of whether a color alone can be registered (Qualitex). It is implicated in every color registration issue, and therefore calls for an exercise of this Court's power of supervision.

The parties are now in agreement on several crucial points. First, the parties agree that a trademark (including color) is "functional" only if its use in connection with a product is found to be "essential to effective competition." (Respondents' Brief In Opposition, at 22).

Second, the parties also agree that the record is devoid of any test data or survey evidence in Respondents' favor on the "competitive need" issue (id., at 11).

The parties disagree on this basic point: Are the Board's two conclusory statements on functionality -- that consumers "like" their

motor colors to match their boat colors (A35)[1], and that they "find it desirable under some circumstances" to reduce the size perception of the motors in relation to the boats (A35) -- sufficient to demonstrate that Mercury's particularized "all-black" color on outboard engines is really essential to effective competition? Respondents say that a feature is "essential" if it merely "hinders free and unhindered competition ... because [unidentified] purchasing boat manufacturers and at least one major retailer want these features ..." (Respondents' Brief, at 26) (emphasis added). The Federal Circuit also says that if use of a color serves "a non-trademark purpose that hinders competition" (A17-A18) (emphasis added), protection is lost.

This reasoning turns the "essential to effective competition" test on its head. Under that reasoning, trademark rights are lost as to any merely desirable feature which then can be

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[1] References to "A__" are to the Appendix attached to the Petition.

said to "hinder" competition if not available. That cannot be correct. Yet, the Board and Federal Circuit decisions turn on this rationale.

No other explanation is possible, since the evidence of non-functionality was one-sided in Mercury's favor:

(1) Mr. Hawley, owner of the largest multiline boat/engine dealership in the Pacific Northwest, testified that in his extensive selling experience, which includes the sale of both Mercury and OMC engines (App.A.5096-5101[2]), motor color is not the primary factor in a purchase decision (App.A5135); a salesman never told him that they lost a sale of an OMC Johnson motor because it was not Mercury black (App.A5134).

(2) Mr. Hoover, the Vice President of Marketing and Sales for Ranger Boats (a high end boat manufacturer which markets OMC and Mercury motors on its boats, App.A.4634-4639), testified that his company offers more than 25 boat colors, and that the motor color "does not need to coordinate with the boat" and only need fit within a "spectrum of the popular colors" -- more important is motor "quality and performance" (App.A4647-4648, 4654-4655); black does not sell well in those Western or Southern states

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[2] References to "App.A.___" are to the Appellate Appendix.

where it gets too hot (App.A4654-A4655); and he never heard it said that a non-black motor color is a competitive disadvantage (App. A4633).

(3) Mr. Olson, the Senior Vice President in charge of marketing Bayliner and Maxum boats, testified that motor color is not "a large consideration" in the motor/boat package sale (App. A5172); a customer has never told him that they "wouldn't buy the boat because of the engine color" (App. A5174).

The complete failure by the Board and the Federal Circuit to even acknowledge this third-party evidence is telling.

In stark contrast, Respondents rely on the testimony of Respondent OMC's Director of Sales, Mr. Feurig, and Respondents' color expert, Ms. Welker. But these witnesses merely alleged that black can make a motor look smaller, and is compatible with many colors, not that consumers even want these features, or that other colors do not have these characteristics (App.A2474, A2944). OMC's other testimony on "size perception" comes from OMC's Chairman, Mr. Strang, who testified that when he was Chief Engineer of Mercury in the early 1960's, his

now-deceased mother encouraged him to try coloring a new Mercury engine black to make it look smaller (App.A.2344-2345). As to "a major retailer" wanting black, Mr. Burkhardt of Sears never said that black engines were important to a sale (A2686-A2688).

Petitioner notes that Respondents' numerous statements with regard to secondary meaning (see, e.g., Respondents' Brief, at 9-10, 12-14, 25) are irrelevant here, since the Federal Circuit's decision neither turned on nor reviewed the secondary meaning issue (A27). The statements are also largely incorrect and misleading. For example, Respondents say that it is "incomprehensible" (Respondents' Brief, at 12) that Mercury's advertisements promote its color mark. Yet, even the Board admits that they include a "textbook example of how to promote color as a trademark" (A55).

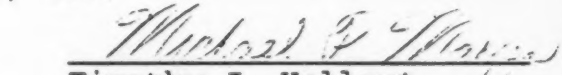
Respondent are also incorrect in their assertion that "the volume of both advertising and sales [of Mercury] and the allegations as to Respondent OMC's market share and unit volume

over 75 years are without support in the record." (Respondents' Brief, at 15). Mercury's advertising and sales volumes are expressly recited in both the Board (A40) and Federal Circuit (A3) opinions. As to OMC's market share data, the Appellate Appendix citation is given in the Petition (at 12 -- A11939-11943). There is also supporting testimony from Mr. Ducoty, Mercury's Director of Strategic Planning (A4216, A4219), and Mr. Hoover (A4663) on this point ("OMC has the dominant market share in the outboard market."). Mercury agrees that Respondents' objections to the introduction of this latter evidence were never ruled on (Respondents' Brief, at 15). However, OMC's attempt to disavow its "dominant" market share, while never offering a commercial all-black engine of its own, is telling.

CONCLUSION

For the reasons set forth both here and in the Petition, it is respectfully suggested that consolidation of this case with the pending Qualitex case would be appropriate. In any event, a writ of certiorari should issue to review the judgment and opinion of the Federal Circuit.

Dated: February 2, 1995



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